



State of New Jersey
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL
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September 1, 2006

VIA HAND DELIVERY

Kristi Izzo, Secretary
State of New Jersey, Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

**RE: IN THE MATTER OF THE ESTABLISHMENT OF A UNIVERSAL SERVICE
FUND PURSUANT TO SECTION 12 OF THE ELECTRIC DISCOUNT AND
ENERGY COMPETITION ACT 1999
BPU DOCKET NO. EX00020091**

Dear Secretary Izzo:

Pursuant to the Board's Notice of Public Hearing in this matter, please accept the following comments on behalf of the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") regarding Staff's Universal Service Fund proposal. Rate Counsel's comments reference specific areas addressed in Staff's "Straw Proposal."

Budget Cap

Rate Counsel opposes a "hard" budget cap because of the possibility that large numbers of applicants may be turned away because of lack of funds. A "hard cap" could also undermine other important objectives, such as increasing participation by groups that are currently under-represented.

Limited Enrollment Window

Rate Counsel does not support Staff's proposal because it may affect efforts to increase participation in the program by groups that are currently under-represented. Assuming Staff is considering an enrollment period corresponding to the LIHEAP enrollment period, this proposal would tend to diminish enrollment by potential applicants who do not already participate in LIHEAP.

Eliminating Fresh Start Program

Rate Counsel opposes the elimination of this program. Fresh Start was implemented after careful consideration by the USF Working Group and by the Board, and is an important element of the USF program. Rate Counsel disagrees with Staff's conclusion that there is no evidence the Fresh Start program helps participants change their bill-payment programs. APPRISE's report on JCP&L's Payment Counseling pilot program concluded that this program can be effective if participants are provided with individualized payment counseling. Rate Counsel would, however, support restructuring to provide for co-payments by participants. The Fresh Start program was based on recommendations from the working group convened by the Board to develop an arrearage repayment program. Rate Counsel supports development of a proposal for a restructured Fresh Start program through the arrearage repayment working group.

\$1800 Per Household Cap

Rate Counsel does not oppose the imposition of caps on USF benefits, but believes that the current \$1800 cap on the total benefit amount is unfair to USF recipients at lower income levels. Rate Counsel supports potential restructuring of the cap. Among the issues that should be reviewed in restructuring are: tiered benefit caps that vary based on income levels, applying a cap to the customer's energy burden rather than to the benefit amount, indexing the cap, and

possible exemptions to the cap. Rate Counsel would support referral of this issue to a working group

Requiring Budget Billing

Rate Counsel supports this change subject to increased educational efforts to make sure customers are aware of the changes to the current system. In order to provide customers with consistent monthly bills, LIHEAP and Lifeline benefits should be reflected in the utilities' calculation of the budget billing amount.

One-Stop Shopping

Rate Counsel supports efforts to implement One-Stop Shopping and will participate with other interested parties to develop necessary procedures to effectuate it. Rate Counsel is in full agreement with AARP and other participants in the August 2006 USF Policy Workshops that steps should be taken to integrate the USF and Lifeline Programs as soon as possible.

Communications Consultant

Rate Counsel does not believe that a Communications Consultant is necessary. Rate Counsel prefers that the money and effort be used to staff the statewide USF hotline and provide access to a centralized statewide source of information on the program. Additional efforts should also be made for outreach to underrepresented populations and to provide support and information to front line personnel in local agencies.

Program Performance Measures

Rate Counsel supports development of Program Performance Measures through a working group. With regard to Performance Measures, Rate Counsel notes that there appeared to be a consensus at the August 2006 USF Policy Workshops that the development of performance measures is a complex process requiring considerable thought and deliberation about the

objectives of the program and possible approaches to measuring the achievement of those objections. Rate Counsel therefore is not proposing specific measures at this time, but proposes that a working group be convened to develop proposed measures.

USF Audits

Rate Counsel supports Staff's proposal.

Conclusion

Rate Counsel appreciates the opportunity to comment on the Staff Straw Proposal and welcomes the opportunity to continue working with Staff and the other members of the USF Working Group on this important program.

Respectfully submitted,

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PUBLIC ADVOCATE OF NEW JERSEY

By: /s/ *Sarah H. Steindel*

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